

# INDUSTRY UPDATE

Biweekly Period Ending November 4, 2000

## Phoenix Metro Area

### *Manufacturing*

As part of a major restructuring plan, **Revlon Inc.** will **close its Phoenix cosmetics plant next year, laying off 900 workers.** The remaining 300 customer-service and warehouse workers will be relocated to a smaller facility in the metro area. Production work from the 706,000-square-foot plant at 43<sup>rd</sup> Avenue and Buckeye Road will be transferred to a plant in North Carolina.

**The Arizona Republic**, recently purchased by Gannett Co. Inc., is **laying off 60 full-time and part-time workers** in a variety of departments. The state's largest daily newspaper said declining advertising revenues and higher operating costs contributed to the cuts, along with efficiencies created by the merger with Gannett. The *Republic* will still employ more than 2,500 workers after the cutbacks.

About **one-third** of **Sensory Science Corp.**'s 100 employees were **laid off** in mid-October because of poor sales of its dual-deck VCR. Formerly known as Go-Video Corp., Scottsdale-based Sensory Science had expected to break even during the third quarter of 2000, but instead had a net loss of nearly \$6 million.

**General Electric Co.** has been busy buying up Valley-based businesses in the last few weeks. The manufacturing and broadcasting conglomerate announced in late October it was **buying** one of Arizona's largest private-sector employers, **Honeywell**, after a merger between Honeywell and United Technologies fell through. GE said it didn't expect the merger would lead to significant layoffs of the more than 17,000 employees at Phoenix-area operations of Honeywell, which had merged only a year ago with AlliedSignal.

About a week prior to the merger announcement, **GE purchased Tempe-based Parallel Design Inc.**, which designs and makes transducers, hand-held devices used with ultrasound imaging products. GE was a major customer of Parallel, which employs nearly 200 people and **expects to add several hundred employees** over the next several years.

### *Construction*

When **USAA** purchased land at Interstate 17 and Happy Valley Road nearly a year ago for a regional campus for its financial services business, the proposed development stood isolated like a lonely saguaro on a mountain top. But not much longer. A **number of projects** are headed for the **"fringe area" of north Phoenix** — bounded by Deer Valley Road, Seventh Street, 19<sup>th</sup> Avenue, and Pinnacle Peak Road — now considered the hottest corridor of the Valley's commercial and real estate market. Among planned projects are: **Anthem Commerce Park**, which will include a Comfort Inn, two U-Haul storage facilities, and an automotive center; **doctors' offices and urgent-care center** developed by John C. Lincoln Health Network; **corporate offices** for computer company **Axicom**; a 168,000-square-foot **Deer Valley Corporate Center** anchored by a Safeway; a 148,000-square-foot **headquarters for Cox Communications Inc.**; **1.4 million square feet of office space** being developed by The Alter Group of Chicago; and several other office developments off of Loop 101.

The Town Council of **Fountain Hills** recently **approved two major projects.** One development is **Four Peaks Plaza**, a shopping center located at Shea and Saguaro boulevards, which will be anchored by a Target store. The center is expected to open in

March 2002. The other project given the OK by the council was a **250-room Fountain Hills Hilton Resort**, which will be located on 60 acres at Shea and Palisades boulevards. No date for completion was available.

### ***Transportation, Communications, and Public Utilities***

**SBC Telecom opened a sales office** in central Phoenix in mid-October in preparation for offering local, data and voice services to business and residential customers next spring. A subsidiary of SBC Communications Inc., one of the nation's largest and respected telecommunications companies, SBC Telecom expects to **initially hire 50 people** at its Phoenix office. As part of a recent merger with "Baby Bell" Ameritech Corp., SBC agreed to compete in 30 of the nation's largest markets. The company says it plans to offer rates 15 percent below the rates of the predominant local phone company; in this case, Qwest.

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### **Balance of State**

#### ***Mining***

**Asarco Inc.** announced layoffs at two Arizona copper mines — one of a short-term nature because of equipment problems and another due to a decline in production. Between **300 and 400 workers** at the **Ray Complex** were sent home because of melt-down of a gas-handling system. Although the layoffs were only expected to be for a few weeks, some workers were worried the layoffs could last longer. At the **Mission Complex** south of Tucson, **40 hourly workers** in mill operations and maintenance were permanently laid off due to plans to cut annual ore production from 62,000 tons to 41,000 tons. The Mission mine cut 150 positions in July 1999, leaving 720 workers before the recent layoffs.

#### ***Construction***

With excavation work nearly complete, **construction** is expected to **begin in mid-November** on the main portion of **Gateway**

**Mall** in **Prescott**, near Highway 69 and Lee Boulevard. The developer, **Westcor Partners** of Phoenix, will work on all of the common areas and leasable space, except for the two anchor stores, Sears and Dillard's. The two departments stores will be built separately starting several months later.

The **Chino Valley Town Council** approved rezoning of property north of the town to allow for a **3,000-acre master-planned community** called **Ranch at Del Rio Springs**. The development, which could double the town's current population of 8,000 over the next 10 to 15 years, may include as many as 4,000 new homes; two 18-hole golf courses; commercial buildings; and hiking, biking, and horse trails. Chino Valley is about 25 miles north of Prescott on U.S. Highway 89.

A **28-acre mixed-use development** south of Highway 260 near South Tyler Parkway was **approved** by the **Payson Town Council** in mid-October. Called **Highlands at the Rim**, the project will consist of 135 residential units, 20,000 square feet of professional office space, a 4,600-square-foot restaurant, 10,000 square feet of retail space, and a 3,000-square-foot clubhouse with indoor pool and tennis court. Work by the developer, Frank K. Christopher of Paradise Valley, is likely to begin in the spring.

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## ***INDUSTRY UPDATE***

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